

Public Purpose/Impact Analysis

Title of Project: Amended and Restated Agreement to Design, Construct, and Lease a Performing Arts Center

Project Description: The City entered into an Agreement to Design, Construct, and Lease a Performing Arts Center with Las Vegas Performing Arts Center Foundation on December 27, 2005. The original agreement contemplated one theater on a 4.25-acre site in Union Park. This Restated Agreement moves the site of the project to a 4.77-acre parcel denoted as Parcel H/I in Union Park. The scope of the project has changed to a campus comprising a 2,000-seat Large Hall, a Small Hall, a Cabaret Theater, retail space, and office space. The Foundation is committing to build the first phase which has a total development cost of approximately \$250 Million. Funding this cost are: car rental tax revenue (\$100 Million), private donations (\$100 Million), and an endowment from the Reynolds Foundation of \$50 Million. Because the City is issuing General Obligation bonds for capitalizing the car rental tax revenue, the City of Las Vegas will keep ownership of the Large Hall Theater and manage the project as a City Public Work. The City is providing a land contribution estimated at \$15,560,000. The City also is providing funds for remediation of the first phase (Large Hall), not to exceed \$5,603,000. In total, this contribution is estimated at \$21,163,000.

Sponsor/Developer: Las Vegas Performing Arts Center Foundation

Assistance Provided by: City of Las Vegas General Fund; In-kind land contribution from City Parkway V, Inc.; State of Nevada ad valorem car rental tax revenue; private funds.

Number of Direct Jobs Created: 92 employees (74 full-time equivalents)

Number of Indirect Jobs Created: Undetermined

Number of Direct Jobs Retained: Not applicable (new project)

Pertinent Statutes Used for Public Purpose:

N.R.S. 244; NRS 268; NRS 332, 338 and 339

How Does the Project Benefit the Public:

Las Vegas is the largest municipality county in the United States without a regional, performing arts center. The Project will provide a needed amenity to the city of Las Vegas and its residents. The Project also will provide educational outreach to students of the Clark County School District. The City of Las Vegas will maintain ownership of the Large Hall theater and underlying land, and lease the facility to the Foundation which will operate the facility.

Quantitative Economic Benefits:

Undetermined. Although the project is revenue-neutral, the project will serve as an anchor in Union Park and help to attract new commercial and residential development in Union Park and downtown Las Vegas. These benefits are difficult to quantify.

Private Investment:

The Foundation is contributing approximately \$120 Million. The Reynolds Foundation is contributing \$50,000,000. Total private investment is approximately \$170 Million.

Public Investment:

The City is contributing cash and in-kind contributions valued at \$21,163,000. The State of Nevada authorized an ad valorem car rental tax which is projected to provide approximately \$100,000,000 for the project.

Total direct Economic Impact:

Undetermined. Project is projected to have 741,000 ticket buyers who will spend monies on goods and services in downtown Las Vegas.

Total Indirect Economic Impact:

Undetermined.

Economic Impact Study Performed:* Yes **X** No ☐

Return on Investment Analysis Performed:** Yes ☐ No **X**

* In August of 2004 and on behalf of the Las Vegas Performing Arts Center Foundation, Turnaround Arts Management completed a detailed feasibility study for the Smith Center for the Performing Arts. Jobs, qualitative benefits, and quantitative benefits reported in this Form rely on the findings of such study. (A full copy of the study is available upon request.)

** Although a Return on Investment Analysis was not performed, certain elements of a return-on-investment analysis are contained in the Turnaround Arts Management Study. This Study reported annual operating revenues of approximately \$15.5M, versus annual expenses of approximately \$19.9M, or an annual loss of approximately \$4.4M. The endowment from the Reynolds Foundation is projected to fill this loss so the project breaks even on an annual basis.